

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE PETROBRAS SECURITIES LITIGATION

This Document Applies to:

*Al Shams Investments Ltd., et al. v. Petróleo Brasileiro S.A. –
Petrobras et al.*, 15-cv-6243 (JSR)

No. 14-cv-9662 (JSR)

**ANSWER OF PETRÓLEO BRASILEIRO S.A. – PETROBRAS TO PLAINTIFFS’
FIRST AMENDED COMPLAINT FOR VIOLATIONS OF
FEDERAL SECURITIES LAWS**

Defendant Petróleo Brasileiro S.A. – PETROBRAS (“Petrobras”), by its undersigned counsel, answers the First Amended Complaint (the “Complaint”) as follows: No response is required to the various headings or subheadings throughout the Complaint. To the extent that responses are required to such headings or subheadings, they are denied. To the extent that any allegation is not specifically admitted, it is denied. Petrobras denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in the introductory paragraph, except admits that the Complaint contains allegations asserted by Plaintiffs.

1. To the extent paragraph 1 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras admits that the Complaint purports to assert claims under the Exchange Act of 1934, and otherwise denies the allegations set forth in paragraph 1.

2. To the extent paragraph 2 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras admits that the Complaint contains allegations asserted by Plaintiffs.

3. Petrobras denies the allegations set forth in paragraph 3, except admits that Petrobras’s business operations require capital expenditures and that American Depositary

Shares (“ADSs”) representing Petrobras’s common and preferred shares are listed on the New York Stock Exchange (the “NYSE”), and refers to the publicly reported trading data and prices of Petrobras’s securities for the reported prices thereof and to Petrobras’s 2014 annual report on Form 20-F (the “2014 Form 20-F”) for a description of Petrobras’s capital raising activities.

4. To the extent paragraph 4 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 4.

5. Petrobras denies the allegations set forth in paragraph 5, except refers to the publicly reported trading prices of Petrobras’s securities for the reported prices thereof and admits that various individuals, including certain former Petrobras employees, have offered testimony, been indicted, or been arrested in connection with the referenced investigation being conducted by Brazilian prosecutors (the “Lava Jato” investigation).

6. Petrobras denies the allegations set forth in paragraph 6 and refers to publicly available information about the Lava Jato investigation for information about the investigation.

7. Petrobras denies the allegations set forth in paragraph 7, refers to the entirety of the official transcripts of Alberto Youssef’s (“Youssef”) testimony in the Lava Jato investigation for their contents, and refers to publicly available information about the Lava Jato investigation for information about the investigation.

8. Petrobras denies the allegations set forth in paragraph 8.

9. To the extent paragraph 9 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras admits that the Complaint purports to assert claims under the Exchange Act of 1934, and otherwise denies the allegations set forth in paragraph 9.

10. To the extent paragraph 10 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 10.

11. To the extent paragraph 11 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 11, except admits that Petrobras maintains an office in this District, and that ADSs representing Petrobras's common and preferred shares are listed on the NYSE.

12. Petrobras denies the allegations set forth in paragraph 12, except admits that telephones, the mail, and the facilities of national securities markets were used in connection with Petrobras's capital raising activities.

13. Petrobras denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 13.

14. Petrobras denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 14.

15. To the extent paragraph 15 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 15 except denies knowledge or information sufficient to form a belief as to the truth of the allegations concerning Plaintiffs' purchases.

16. Petrobras admits the allegations set forth in paragraph 16.

17. Petrobras denies the allegations set forth in paragraph 17, except admits that Petrobras was incorporated in 1953 and since then has been, directly or through its affiliates, carrying out crude oil and natural gas production and refining activities in Brazil, and that the State of Brazil owns a majority of the voting shares of Petrobras.

18. Petrobras denies the allegations set forth in paragraph 18, except admits that during the Relevant Period, Petrobras had a Services division whose primary functions were as described in paragraph 18, and refers to the 2014 Form 20-F for its contents, including a description of the sources of revenue of Petrobras.

19. Petrobras denies the allegations set forth in paragraph 19, except refers to the referenced SEC filings for their contents.

20. Petrobras denies the allegations set forth in paragraph 20, except admits that Maria das Graças Silva Foster (“Foster”) was the Chief Executive Officer (“CEO”) of Petrobras from February 2012 until February 2015, that, previously, she had served as its Director of Gas and Energy, and that she signed certain filings furnished by Petrobras to the SEC.

21. Petrobras denies the allegations set forth in paragraph 21, except admits that José Sérgio Gabrielli de Azevedo (“Gabrielli”) served as Petrobras’s CEO until February 2012, and that he signed certain filings furnished by Petrobras to the SEC.

22. Petrobras denies the allegations set forth in paragraph 22, except admits that Almir Guilherme Barbassa (“Barbassa”) served as Petrobras’s Chief Financial Officer (“CFO”) from 2005 until February 2015, and that he signed certain filings furnished by Petrobras to the SEC.

23. The allegations set forth in paragraph 23 require no response.

24. Petrobras admits the allegations set forth in paragraph 24, except admits, on information and belief, the truth of the second sentence set forth in paragraph 24.

25. Petrobras denies the allegations set forth in paragraph 25, except admits that Petrobras’s business operations require capital expenditures.

26. Petrobras denies the allegations set forth in paragraph 26, except admits that, in 2006, there was a discovery of oil reserves in the pre-salt layer off the coast of Brazil.

27. Petrobras denies the allegations set forth in paragraph 27, except refers to the “Activities” page on Petrobras’s website for a description of Petrobras’s oil exploration and production activities.

28. Petrobras denies the allegations set forth in paragraph 28, except refers to the purportedly quoted market analyst statements for their contents.

29. Petrobras denies the allegations set forth in paragraph 29, except admits that in 2005 Petrobras announced a plan to build a new oil refinery, that no new refineries had, as of that time, been built in a considerable period of time, and refers to the statement purportedly made by Gabrielli for its contents.

30. Petrobras denies the allegations set forth in paragraph 30, except admits that through a subsidiary, Petrobras invested in the Pasadena refinery in 2006 and now, through that subsidiary, owns it entirely, and denies knowledge and information sufficient to form a belief as to the truth of the allegations concerning referenced earlier purchase price.

31. Petrobras denies the allegations set forth in paragraph 31, except admits that Petrobras works with outside contractors in carrying out its business activities, refers to the referenced Petrobras guidelines for their contents, and admits that in 2011, Brazil enacted federal law number 12.462, the Regime Diferenciado de Contratações Públicas (or Differentiated Regime of Public procurement), and refers to that law for its contents.

32. Petrobras denies the allegations set forth in paragraph 32, except admits that Petrobras’s Executive Board is composed of the Company’s CEO and senior executives, and refers to the purportedly quoted statement for its contents.

33. Petrobras denies the allegations set forth in paragraph 33, except admits that during at one time Petrobras had a Services division which had among its functions the support of other areas of the company with respect to a number of different matters, including some elements of the contracting process, and that Renato Duque (“Duque”) was the Director of the Services division from 2003 to 2012.

34. Petrobras denies the allegations set forth in paragraph 34, except admits that Paulo Roberto Costa (“Costa”) was arrested in connection with the Lava Jato investigation.

35. Petrobras denies the allegations set forth in paragraph 35, except admits that Costa was, until 2012, the Chief Downstream Officer of Petrobras and reported to the CEO, that Petrobras’s International division led the negotiations in connection with the Pasadena acquisition, and refers to the entirety of the official transcripts of Costa’s testimony for their contents.

36. Petrobras denies the allegations set forth in paragraph 36, except admits that Pedro Barusco (“Barusco”) has offered testimony in connection with the Lava Jato investigation and that that Brazilian prosecutors formally charged Joao Vaccari Neto with corruption, and refers to the entirety of the official transcripts of Costa and Barusco’s testimony for their contents.

37. Petrobras denies the allegations set forth in paragraph 37, except refers to publicly available information about the Lava Jato investigation for information about indictments, particular cases, convictions, requests by prosecutors, and other related actions.

38. Petrobras denies the allegations set forth in paragraph 38, and refers to the entirety of the official transcripts of Costa’s testimony for their contents.

39. Petrobras denies the allegations set forth in paragraph 39, and refers to the entirety of the official transcripts of Costa's testimony for their contents.

40. Petrobras denies the allegations set forth in paragraph 40.

41. Petrobras denies the allegations set forth in paragraph 41 and refers to the entirety of the official transcripts of Costa and Barusco's testimony for their contents.

42. Petrobras denies the allegations set forth in paragraph 42 and refers to the referenced minutes, and the entirety of the official transcripts of Costa's testimony, for their contents.

43. Petrobras denies the allegations set forth in paragraph 43, except refers to the financial results for the third quarter of 2014 and financial results for the year-end of 2014, each issued on April 22, 2015 and filed with the Securities and Exchange Commission ("SEC") on Form 6-K (the "3Q14 Financial Results" and the "4Q14 Financial Results," respectively and together the "3Q14 and 4Q14 Financial Results"), and the entirety of the official transcripts of Costa's testimony, for their contents.

44. Petrobras denies the allegations set forth in paragraph 44, and refers to the entirety of the official transcripts of Costa's testimony for their contents.

45. Petrobras denies the allegations set forth in paragraph 45, and refers to the entirety of the official transcripts of Costa's testimony for their contents.

46. Petrobras denies the allegations set forth in paragraph 46, and refers to the entirety of the official transcripts of Costa's testimony for their contents.

47. Petrobras denies the allegations set forth in paragraph 47, except admits that through a subsidiary, Petrobras invested in the Pasadena refinery in 2006 and now, through that subsidiary, owns it entirely.

48. Petrobras denies the allegations set forth in paragraph 48, and refers to the entirety of the official transcripts of the alleged confidential informant's testimony for their contents.

49. Petrobras denies the allegations set forth in paragraph 49, except refers to the referenced Folha de S. Paulo report for its contents.

50. Petrobras denies the allegations set forth in paragraph 50, except admits that it approved plans to build the Abreu refinery in 2005, that no new refineries had, as of that time, been built in a considerable period of time, and that Costa was involved with that project.

51. Petrobras denies the allegations set forth in paragraph 51, except refers to the entirety of the official transcripts of Costa's testimony for their contents.

52. Petrobras denies the allegations set forth in paragraph 52, except refers to the referenced TCU report for its contents.

53. Petrobras denies the allegations set forth in paragraph 53, except admits that Comperj is a petrochemical complex for which ground leveling began in 2008 and that over time the estimated cost for completing Comperj increased, and refers to the referenced TCU documents for their contents.

54. Petrobras denies the allegations set forth in paragraph 54, and refers to the referenced audit for its contents.

55. Petrobras denies the allegations set forth in paragraph 55, refers to publicly available information about the Lava Jato investigation for information about the progress of the investigation, and refers to the entirety of the official transcripts of Youssef's testimony and the referenced Forbes article for their contents.

56. Petrobras denies the allegations set forth in paragraph 56, except admits that Venina Velosa de Fonseca ("Velosa") worked in the Downstream division of Petrobras and was

transferred to the Singapore office of Petrobras in 2010, and refers to the entirety of the official transcripts of Velosa's testimony for their contents.

57. Petrobras denies the allegations set forth in paragraph 57, and refers to the referenced email for its contents.

58. Petrobras denies the allegations set forth in paragraph 58, except admits that Foster served as CEO of Petrobras and its Chief International Officer from February 2012 until February 2015, that Foster served as its Chief Gas and Power Officer from September 2007 through January 2012, that Foster was a member of the Executive Directorate from September 2007 to February 2015, that the current President of Brazil, Dilma Rousseff ("Rousseff"), had previously been a member of the Board of Directors of Petrobras, and that for a time while she so served she was a Cabinet Minister in the administration of former President of Brazil, Luis Inacio Lula da Silva, that Rousseff was first elected President of Brazil in 2012, and that she nominated Foster to be the CEO of Petrobras.

59. Petrobras denies the allegations set forth in paragraph 59, except refers to the referenced press release and the purportedly quoted statements for their contents.

60. Petrobras denies the allegations set forth in paragraph 60, and refers to the referenced press release for its contents.

61. Petrobras denies the allegations set forth in paragraph 61, except refers to the official transcript of the referenced conference call for its contents.

62. Petrobras denies the allegations set forth in paragraph 62, except refers to the official transcript of the referenced conference call for its contents.

63. Petrobras denies the allegations set forth in paragraph 63, except refers to the 3Q14 and 4Q14 Financial Results for their contents.

64. Petrobras denies the allegations set forth in paragraph 64, except refers to the 3Q14 and 4Q14 Financial Results for their contents.

65. Petrobras denies the allegations set forth in paragraph 65, except refers to the 3Q14 and 4Q14 Financial Results for their contents.

66. Petrobras denies the allegations set forth in paragraph 66, except refers to the referenced Reuters article for its contents.

67. Petrobras denies the allegations set forth in paragraph 67.

68. Petrobras denies the allegations set forth in paragraph 68, and refers to the entirety of the official transcripts of Costa's testimony for their contents, and to the referenced cooperation agreement for its contents.

69. Petrobras denies the allegations set forth in paragraph 69.

70. Petrobras denies the allegations set forth in paragraph 70, except refers to the referenced Forms 20-F for their contents.

71. Petrobras denies the allegations set forth in paragraph 71, and refers to Generally Accepted Accounting Principles ("GAAP") for its provisions.

72. Petrobras denies the allegations set forth in paragraph 72, and refers to GAAP for its provisions.

73. Petrobras denies the allegations set forth in paragraph 73, and refers to the referenced Forms 20-F for their contents.

74. Petrobras denies the allegations set forth in paragraph 74.

75. Petrobras denies the allegations set forth in paragraph 75, and refers to GAAP for its provisions.

76. Petrobras denies the allegations set forth in paragraph 76, and refers to the referenced Forms 20-F for their contents.

77. Petrobras denies the allegations set forth in paragraph 77, except admits that, at different times, the financial statements of Petrobras were subject to GAAP and IFRS, and refers to the referenced Forms 20-F for their contents.

78. Petrobras denies the allegations set forth in paragraph 78, and refers to IFRS for its provisions.

79. Petrobras denies the allegations set forth in paragraph 79, and refers to the referenced Forms 20-F for their contents.

80. Petrobras denies the allegations set forth in paragraph 80.

81. Petrobras denies the allegations set forth in paragraph 81, and refers to IFRS for its provisions.

82. Petrobras denies the allegations set forth in paragraph 82, and refers to the referenced Forms 20-F for their contents.

83. Petrobras denies the allegations set forth in paragraph 83, and refers to IFRS for its provisions.

84. Petrobras denies the allegations set forth in paragraph 84, and refers to IFRS for its provisions and to the referenced Forms 20-F for their contents.

85. Petrobras denies the allegations set forth in paragraph 85, and refers to the referenced Forms 20-F for their contents.

86. Petrobras denies the allegations set forth in paragraph 86, except denies knowledge or information sufficient to form a belief as to whether the audits were performed in accordance with Public Company Accounting Oversight Board (“PCAOB”) standards.

87. Petrobras denies the allegations set forth in paragraph 87, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards and Forms 20-F for their contents.

88. Petrobras denies the allegations set forth in paragraph 88, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced Forms 20-F for their contents.

89. Petrobras denies the allegations set forth in paragraph 89.

90. Petrobras denies the allegations set forth in paragraph 90, except admits PwC made statements in a Form 20-F filed by Petrobras on April 30, 2014, denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards and Form 20-F for their contents.

91. Petrobras denies the allegations set forth in paragraph 91, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

92. Petrobras denies the allegations set forth in paragraph 92, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

93. Petrobras denies the allegations set forth in paragraph 93, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

94. Petrobras denies the allegations set forth in paragraph 94, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

95. Petrobras denies the allegations set forth in paragraph 95, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

96. Petrobras denies the allegations set forth in paragraph 96, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

97. Petrobras denies the allegations set forth in paragraph 97, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

98. Petrobras denies the allegations set forth in paragraph 98, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in

accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

99. Petrobras denies the allegations set forth in paragraph 99, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

100. Petrobras denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 100, and refers to the referenced accounting standards for their contents.

101. Petrobras denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 101, and refers to the referenced accounting standards for their contents.

102. Petrobras denies the allegations set forth in paragraph 102, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

103. Petrobras denies the allegations set forth in paragraph 103, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

104. Petrobras denies the allegations set forth in paragraph 104, except denies knowledge or information sufficient to form a belief as to whether PwC conducted its audit in

accordance with the applicable accounting standards, and refers to the referenced accounting standards for their contents.

105. Petrobras denies the allegations set forth in paragraph 105.

106. Petrobras denies the allegations set forth in paragraph 106, except admits that Petrobras posted statements on its website under a section headed Fatos e Dados (in English, “Facts and Data”) and refers to the statements made in that section for their contents.

107. Petrobras denies the allegations set forth in paragraph 107, except refers to the referenced Facts and Data entry for its contents.

108. Petrobras denies the allegations set forth in paragraph 108, except refers to the referenced Facts and Data entry for its contents.

109. Petrobras denies the allegations set forth in paragraph 109.

110. Petrobras denies the allegations set forth in paragraph 110, except refers to the referenced press release for its contents.

111. Petrobras denies the allegations set forth in paragraph 111, and refers to the official transcript of the referenced conference call for its contents.

112. Petrobras denies the allegations set forth in paragraph 112.

113. Petrobras denies the allegations set forth in paragraph 113, except refers to the referenced Form 20-F for its contents.

114. Petrobras denies the allegations set forth in paragraph 114.

115. Petrobras denies the allegations set forth in paragraph 115, except refers to the referenced press release for its contents.

116. Petrobras denies the allegations set forth in paragraph 116.

117. Petrobras denies the allegations set forth in paragraph 117, except refers to the referenced press release for its contents.

118. Petrobras denies the allegations set forth in paragraph 118, and refers to the referenced letter for its contents.

119. Petrobras denies the allegations set forth in paragraph 119, and refers to the referenced Form 6-K for its contents.

120. Petrobras denies the allegations set forth in paragraph 120.

121. Petrobras denies the allegations set forth in paragraph 121, except refers to the referenced Facts and Data entry for its contents.

122. Petrobras denies the allegations set forth in paragraph 122.

123. Petrobras denies the allegations set forth in paragraph 123, except refers to the referenced Facts and Data entry for its contents.

124. Petrobras denies the allegations set forth in paragraph 124.

125. Petrobras denies the allegations set forth in paragraph 125, except refers to the referenced press release for its contents, and the referenced statement, for their contents.

126. Petrobras denies the allegations set forth in paragraph 126, and refers to the referenced Form 6-K for its contents.

127. Petrobras denies the allegations set forth in paragraph 127.

128. Petrobras denies the allegations set forth in paragraph 128, except refers to the referenced press release for its contents.

129. Petrobras denies the allegations set forth in paragraph 129, except refers to the purportedly quoted statement for its contents

130. Petrobras denies the allegations set forth in paragraph 130.

131. Petrobras denies the allegations set forth in paragraph 131, except refers to the referenced press release for its contents.

132. Petrobras denies the allegations set forth in paragraph 132, and refers to the referenced Form 6-K for its contents.

133. Petrobras denies the allegations set forth in paragraph 133.

134. Petrobras denies the allegations set forth in paragraph 134, and refers to the referenced Form 20-F for its contents.

135. Petrobras denies the allegations set forth in paragraph 135.

136. Petrobras denies the allegations set forth in paragraph 136, except refers to the referenced 2010 Sustainability Report for its contents.

137. Petrobras denies the allegations set forth in paragraph 137.

138. Petrobras denies the allegations set forth in paragraph 138, except refers to the referenced press release for its contents.

139. Petrobras denies the allegations set forth in paragraph 139, and refers to the referenced Form 6-K for its contents.

140. Petrobras denies the allegations set forth in paragraph 140.

141. Petrobras denies the allegations set forth in paragraph 141, except refers to the referenced Facts and Data entry for its contents.

142. Petrobras denies the allegations set forth in paragraph 142.

143. Petrobras denies the allegations set forth in paragraph 143, except refers to the referenced Facts and Data entry for its contents.

144. Petrobras denies the allegations set forth in paragraph 144.

145. Petrobras denies the allegations set forth in paragraph 145, except refers to the referenced press release for its contents.

146. Petrobras denies the allegations set forth in paragraph 146, and refers to the referenced Form 6-K for its contents.

147. Petrobras denies the allegations set forth in paragraph 147.

148. Petrobras denies the allegations set forth in paragraph 148, except refers to the referenced press release for its contents.

149. Petrobras denies the allegations set forth in paragraph 149, and refers to the referenced Form 6-K for its contents.

150. Petrobras denies the allegations set forth in paragraph 150.

151. Petrobras denies the allegations set forth in paragraph 151, except refers to the referenced Form 20-F for its contents.

152. Petrobras denies the allegations set forth in paragraph 152.

153. Petrobras denies the allegations set forth in paragraph 153, except refers to the referenced press release for its contents.

154. Petrobras denies the allegations set forth in paragraph 154, and refers to the referenced Form 6-K for its contents.

155. Petrobras denies the allegations set forth in paragraph 155.

156. Petrobras denies the allegations set forth in paragraph 156, except refers to the referenced 2011 Sustainability Report for its contents.

157. Petrobras denies the allegations set forth in paragraph 157.

158. Petrobras denies the allegations set forth in paragraph 158, except refers to the referenced press release for its contents.

159. Petrobras denies the allegations set forth in paragraph 159, and refers to the referenced Form 6-K for its contents.

160. Petrobras denies the allegations set forth in paragraph 160.

161. Petrobras denies the allegations set forth in paragraph 161, except refers to the referenced press release for its contents.

162. Petrobras denies the allegations set forth in paragraph 162, and refers to the referenced Form 6-K for its contents.

163. Petrobras denies the allegations set forth in paragraph 163.

164. Petrobras denies the allegations set forth in paragraph 164, except refers to the referenced Facts and Data entry for its contents.

165. Petrobras denies the allegations set forth in paragraph 165.

166. Petrobras denies the allegations set forth in paragraph 166, except refers to the referenced Facts and Data entry for its contents.

167. Petrobras denies the allegations set forth in paragraph 167.

168. Petrobras denies the allegations set forth in paragraph 168, except refers to the referenced press release, and the referenced Form 6-K, for their contents.

169. Petrobras denies the allegations set forth in paragraph 169.

170. Petrobras denies the allegations set forth in paragraph 170, except refers to the referenced press release for its contents.

171. Petrobras denies the allegations set forth in paragraph 171, and refers to the referenced Form 6-K for its contents.

172. Petrobras denies the allegations set forth in paragraph 172.

173. Petrobras denies the allegations set forth in paragraph 173, except refers to the referenced Form 20-F for its contents.

174. Petrobras denies the allegations set forth in paragraph 174.

175. Petrobras denies the allegations set forth in paragraph 175, except refers to the referenced 2012 Sustainability Report for its contents.

176. Petrobras denies the allegations set forth in paragraph 176.

177. Petrobras denies the allegations set forth in paragraph 177, except refers to the referenced Facts and Data entry for its contents.

178. Petrobras denies the allegations set forth in paragraph 178.

179. Petrobras denies the allegations set forth in paragraph 179, except refers to the referenced press release for its contents.

180. Petrobras denies the allegations set forth in paragraph 180, and refers to the referenced Form 6-K for its contents.

181. Petrobras denies the allegations set forth in paragraph 181.

182. Petrobras denies the allegations set forth in paragraph 182, except refers to the referenced press release for its contents.

183. Petrobras denies the allegations set forth in paragraph 183, and refers to the referenced Form 6-K for its contents.

184. Petrobras denies the allegations set forth in paragraph 184.

185. Petrobras denies the allegations set forth in paragraph 185, except refers to the referenced Facts and Data entry for its contents.

186. Petrobras denies the allegations set forth in paragraph 186.

187. Petrobras denies the allegations set forth in paragraph 187, except refers to the referenced press release for its contents.

188. Petrobras denies the allegations set forth in paragraph 188, except refers to the referenced press release for its contents.

189. Petrobras denies the allegations set forth in paragraph 189, and refers to the referenced Form 6-K for its contents.

190. Petrobras denies the allegations set forth in paragraph 190, except refers to the referenced press release for its contents.

191. Petrobras denies the allegations set forth in paragraph 191, and refers to the referenced Form 6-K for its contents.

192. Petrobras denies the allegations set forth in paragraph 192.

193. Petrobras denies the allegations set forth in paragraph 193, except refers to the referenced Form 20-F for its contents.

194. Petrobras denies the allegations set forth in paragraph 194.

195. Petrobras denies the allegations set forth in paragraph 195, except refers to the referenced 2013 Sustainability Report for its contents.

196. Petrobras denies the allegations set forth in paragraph 196.

197. Petrobras denies the allegations set forth in paragraph 197, except refers to the referenced press release for its contents.

198. Petrobras denies the allegations set forth in paragraph 198, except refers to the referenced press release for its contents.

199. Petrobras denies the allegations set forth in paragraph 199, and refers to the referenced Form 6-K for its contents.

200. Petrobras denies the allegations set forth in paragraph 200.

201. Petrobras denies the allegations set forth in paragraph 201, except refers to the referenced Facts and Data entry for its contents.

202. Petrobras denies the allegations set forth in paragraph 202.

203. Petrobras denies the allegations set forth in paragraph 203, except refers to the referenced Facts and Data entry for its contents.

204. Petrobras denies the allegations set forth in paragraph 204.

205. Petrobras denies the allegations set forth in paragraph 205, except refers to the referenced Facts and Data entry for its contents.

206. Petrobras denies the allegations set forth in paragraph 206.

207. Petrobras denies the allegations set forth in paragraph 207, except refers to the referenced press release for its contents.

208. Petrobras denies the allegations set forth in paragraph 208, and refers to the referenced Form 6-K for its contents.

209. Petrobras denies the allegations set forth in paragraph 209.

210. Petrobras denies the allegations set forth in paragraph 210, except refers to the referenced Form 6-K for its contents and to the publicly reported trading prices of Petrobras's securities for the reported prices thereof.

211. Petrobras denies the allegations set forth in paragraph 211, except refers to the referenced press release for its contents.

212. Petrobras denies the allegations set forth in paragraph 212, except refers to the publicly reported trading prices of Petrobras's securities for the reported prices thereof.

213. Petrobras denies the allegations set forth in paragraph 213, except admits that that Sergio Machado (“Machado”) was the CEO of Transpetro and that Machado requested unpaid leave, and refers to the referenced O Estado de Sao Paulo article and press release for their contents, and to the publicly reported trading prices of Petrobras’s securities for the reported prices thereof.

214. Petrobras denies the allegations set forth in paragraph 214, except refers to the referenced Financial Times article for its contents.

215. Petrobras denies the allegations set forth in paragraph 215, except refers to the publicly reported trading prices of Petrobras’s securities for the reported prices thereof.

216. Petrobras denies the allegations set forth in paragraph 216, except refers to the referenced press release for its contents.

217. Petrobras denies the allegations set forth in paragraph 217, except refers to the purportedly quoted statement for its contents.

218. Petrobras denies the allegations set forth in paragraph 218, except admits that Duque and others were arrested in connection with the Lava Jato investigation, that on November 14, 2014 it was reported that Brazil’s Comptroller General had commenced an investigation into whether SBM had bribed Petrobras employees, that Petrobras imposed a provisional ban on contracting with cartel members (and entities related to them) mentioned in the testimony that has been made public, and refers to the referenced Financial Times article for its contents.

219. Petrobras denies the allegations set forth in paragraph 219, except refers to the referenced downgrade report for its contents.

220. Petrobras denies the allegations set forth in paragraph 220, except refers to the publicly reported trading prices of Petrobras's securities for the reported prices thereof.

221. Petrobras denies the allegations set forth in paragraph 221, except admits that Duque and others were arrested in connection with the Lava Jato investigation, and refers to the referenced Financial Times article for its contents.

222. Petrobras denies the allegations set forth in paragraph 222, and refers to the official transcript of the referenced conference call, and to the referenced Agencia Brasil article, for their contents.

223. Petrobras denies the allegations set forth in paragraph 223, except refers to the referenced Washington Post article for its contents.

224. Petrobras denies the allegations set forth in paragraph 224, except refers to the publicly reported trading prices of Petrobras's securities for the reported prices thereof.

225. Petrobras denies the allegations set forth in paragraph 225, and refers to the referenced Folha de Sao Paulo article, and publicly available media reports, for their contents.

226. Petrobras denies the allegations set forth in paragraph 226, except refers to the referenced O Globo article for its contents.

227. Petrobras denies the allegations set forth in paragraph 227, except refers to the referenced press release for its contents.

228. Petrobras denies the allegations set forth in paragraph 228, except refers to the publicly reported trading prices of Petrobras's securities for the reported prices thereof.

229. Petrobras denies the allegations set forth in paragraph 229, except refers to the referenced Forbes article for its contents.

230. Petrobras denies the allegations set forth in paragraph 230, except refers to the referenced announcement, and the referenced Bloomberg article, for their contents.

231. Petrobras denies the allegations set forth in paragraph 231, except refers to the referenced Fantástico broadcast for its contents.

232. Petrobras denies the allegations set forth in paragraph 232, except admits that Nestor Cerveró (“Cerveró”) served as Chief of the International division of Petrobras and that he was indicted and arrested in connection with the Lava Jato investigation.

233. Petrobras denies the allegations set forth in paragraph 233, except refers to the publicly reported trading prices of Petrobras’s securities for the reported prices thereof.

234. Petrobras denies the allegations set forth in paragraph 234, except refers to its financial results for the third quarter of 2014 dated January 27, 2015 and furnished to the SEC on Form 6-K (the “3Q14 Unaudited Results”) for its contents.

235. Petrobras denies the allegations set forth in paragraph 235, except refers to the 3Q14 Unaudited Results for its contents.

236. Petrobras denies the allegations set forth in paragraph 236, except refers to the 3Q14 Unaudited Results for its contents.

237. Petrobras denies the allegations set forth in paragraph 237, except refers to the 3Q14 Unaudited Results for its contents.

238. Petrobras denies the allegations set forth in paragraph 238, except refers to the referenced letter to shareholders for its contents.

239. Petrobras denies the allegations set forth in paragraph 239, except admits that Petrobras’s Board of Directors met on January 27, 2015, and refers to the referenced New York Times article for its contents.

240. Petrobras denies the allegations set forth in paragraph 240, except refers to the purportedly quoted statement for its contents, and to the 3Q14 Unaudited Results for its contents.

241. Petrobras denies the allegations set forth in paragraph 241, except refers to the referenced statement for its contents.

242. Petrobras denies the allegations set forth in paragraph 242, and refers to the purportedly quoted statements for their contents.

243. Petrobras denies the allegations set forth in paragraph 243, except refers to the publicly reported trading prices of Petrobras's securities for the reported prices thereof.

244. Petrobras denies the allegations set forth in paragraph 244, except refers to the referenced Moody's report, and the purportedly quoted statements, for their contents, and refers to the publicly reported trading prices of Petrobras's securities for the reported prices thereof.

245. Petrobras denies the allegations set forth in paragraph 245, and refers to the publicly available media reports, and the referenced TheStreet.com article, for their contents.

246. Petrobras denies the allegations set forth in paragraph 246, except refers to the publicly reported trading prices of Petrobras's securities for the reported prices thereof.

247. Petrobras denies the allegations set forth in paragraph 247.

248. Petrobras denies the allegations set forth in paragraph 248.

249. Petrobras denies the allegations set forth in paragraph 249.

250. Petrobras denies the allegations set forth in paragraph 250.

251. Petrobras denies the allegations set forth in paragraph 251.

252. Petrobras denies the allegations set forth in paragraph 252.

253. Petrobras denies the allegations set forth in paragraph 253.

254. Petrobras denies the allegations set forth in paragraph 254, except denies knowledge or information sufficient to form a belief as to the truth of the allegations concerning Plaintiff's investment decisions.

255. To the extent paragraph 255 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 255.

256. To the extent paragraph 256 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 256.

257. Petrobras denies the allegations set forth in paragraph 257.

258. To the extent paragraph 258 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 258.

259. To the extent paragraph 259 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 259.

260. To the extent paragraph 260 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 260.

261. Petrobras denies the allegations set forth in paragraph 261.

262. Petrobras denies the allegations set forth in paragraph 262.

COUNT I

**For Violations of Section 10(b) of the Exchange Act
and Rule 10b-5 Against All Defendants**

263. Petrobras repeats and alleges its responses to paragraphs 1 through 262 as if fully set forth herein. Petrobras denies the allegations set forth in paragraph 263, except admits that the Complaint purports to assert claims under the Exchange Act of 1934.

264. Petrobras denies the allegations set forth in paragraph 264.

265. Petrobras denies the allegations set forth in paragraph 265.

266. Petrobras denies the allegations set forth in paragraph 266.

COUNT II

**For Violations of Section 18 of the Exchange Act
Against All Defendants**

267. Petrobras repeats and alleges its responses to paragraphs 1 through 262 as if fully set forth herein.

268. Petrobras denies the allegations set forth in paragraph 268.

269. Petrobras denies the allegations set forth in paragraph 269, except denies knowledge or information sufficient to form a belief as to the truth of the allegations concerning Plaintiffs' and/or their agents' knowledge and the basis for their investment decisions.

270. Petrobras denies the allegations set forth in paragraph 270.

271. Petrobras denies the allegations set forth in paragraph 271.

272. Petrobras denies the allegations set forth in paragraph 272.

COUNT III

**For Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants**

273. Petrobras repeats and alleges its responses to paragraphs 1 through 262 as if fully set forth herein.

274. To the extent paragraph 274 purports to state legal conclusions, no response is required. To the extent a response is required, Petrobras denies the allegations set forth in paragraph 274.

PRAYER FOR RELIEF

Answering Plaintiffs' prayer for relief, Petrobras denies that Plaintiffs are entitled to relief against Petrobras.

* * * * *

1. To the extent any more specific response were to be required, Petrobras states that all responses based in substance upon lack of knowledge or information, knowledge or information insufficient to form a belief as to the truth of Plaintiffs' allegations, or a reference to a document or statement not made by Petrobras or a then current Petrobras senior officer should be construed to have the effect of a denial.

2. Petrobras denies each and every allegation of the Complaint not specifically admitted; and any allegation which Petrobras admits is admitted only as to the specific facts admitted, and not as to any characterization, implication, speculation, or conclusion contained in the allegation in the Complaint as a whole.

JURY DEMAND

Answering Plaintiffs' demand for a jury trial, Petrobras denies that Plaintiffs have a right to a jury trial as against Petrobras, except admits that Plaintiffs purport to demand a jury trial.

ADDITIONAL DEFENSES

As additional defenses, Petrobras alleges, asserts, and avers the following, which apply to each and every cause of action asserted in the Complaint against Petrobras to which such defense is or may be applicable. By virtue of alleging these further defenses, Petrobras does not assume

any burden of proof, persuasion, or production not otherwise legally assigned to it. Petrobras also does not concede that facts contrary to one or more of the averments that follows would support liability as to Petrobras. Petrobras reserves all rights to assert other defenses as appropriate.

FIRST DEFENSE

The Complaint fails to state any claim against Petrobras upon which relief can be granted.

SECOND DEFENSE

Plaintiffs' claims are barred in whole or in part because Petrobras did not omit to state any material facts necessary in order to make any statement made by Petrobras not false or misleading.

THIRD DEFENSE

Plaintiffs' claims are barred in whole or in part because Petrobras did not make any statements that were false or misleading when made.

FOURTH DEFENSE

Plaintiffs' claims are barred in whole or in part because any alleged misrepresentations were not material as a matter of law.

FIFTH DEFENSE

The Complaint fails to plead fraud with the particularity required by Rule 9(b) of the Federal Rules of Civil Procedure and the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4(b)(1).

SIXTH DEFENSE

Plaintiffs' claims are barred in whole or in part because Petrobras did not intentionally make any misleading statement or misleading, actionable omission. At all times, and with

respect to all matters contained herein, Petrobras acted in good faith, exercised reasonable care and did not know, and in the exercise of reasonable care could not have known, of the purported untruths, misstatements and/or omissions alleged in the Complaint.

SEVENTH DEFENSE

The statements complained of were, at the time of their utterance, made in good faith and upon reliance on what the speakers believed was true at the time such statements were uttered.

EIGHTH DEFENSE

The Complaint fails to adequately plead loss causation, and in fact, Plaintiffs cannot prove loss causation.

NINTH DEFENSE

The Complaint fails to adequately plead transaction causation, and in fact, Plaintiffs cannot prove transaction causation.

TENTH DEFENSE

Plaintiffs' claims are barred in whole or in part because Plaintiffs have not alleged injuries that were proximately caused by any alleged misrepresentation or omission.

ELEVENTH DEFENSE

Plaintiffs' claims are barred in whole or in part because Plaintiffs did not rely, or could not have relied, either reasonably, justifiably, or as a matter of law, upon the misstatements or omissions alleged in the Complaint.

TWELFTH DEFENSE

Plaintiffs' claims are barred in whole or in part because Plaintiffs did not rely upon, nor were they misled by, any prospectus as to which liability is asserted, nor did such prospectus affect their decisions regarding buying or selling securities.

THIRTEENTH DEFENSE

Petrobras did not breach any duties owed to Plaintiffs.

FOURTEENTH DEFENSE

Petrobras is not liable because it did not make any false or misleading statements or omissions of material fact on which Plaintiffs relied, and Petrobras is not responsible for any alleged false or misleading statement or omission of material fact by third parties on which Plaintiffs allegedly relied.

FIFTEENTH DEFENSE

Petrobras is not liable because Plaintiffs knew or had reason to know the truth notwithstanding any alleged misrepresentations or omissions on which their claims are based.

SIXTEENTH DEFENSE

Petrobras is not liable because Plaintiffs knew or should have known of the allegedly omitted or misstated information.

SEVENTEENTH DEFENSE

Petrobras is not liable because certain alleged misstatements by Petrobras were forward-looking statements, were identified as such and were accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements. Accordingly, such alleged misstatements are non-actionable under the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-5(c)(1)(A), and the bespeaks caution doctrine.

EIGHTEENTH DEFENSE

Petrobras is not liable because certain alleged misstatements are not actionable under the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78(u)-5(c)(1)(B), because the statements were forward-looking and the person making the statement did not have actual knowledge that the statements were false or misleading or the statements were made or approved

by an executive officer of Petrobras who did not have actual knowledge that the statements were false or misleading.

NINETEENTH DEFENSE

The damages for which Plaintiffs claim Petrobras is responsible arise from a decline in share price that was not the result of the disclosure of any material misrepresentation or actionable omission by Petrobras and were otherwise caused or contributed to by persons or entities for whom Petrobras is not responsible and for whom Petrobras is not liable, or by factors other than any alleged misrepresentations or omissions for which Petrobras may be responsible.

TWENTIETH DEFENSE

Petrobras is not liable because the alleged misrepresentations and omissions in the Complaint did not affect the market price of Petrobras Securities.

TWENTY-FIRST DEFENSE

Petrobras is not liable because any decline in value of the securities of which Plaintiffs complain was caused by external market factors.

TWENTY-SECOND DEFENSE

Plaintiffs' claims are barred in whole or in part because Plaintiffs were not misled by the market price of the securities insofar as the market or price may have been affected by any alleged misrepresentation or material omission by Petrobras.

TWENTY-THIRD DEFENSE

Plaintiffs' alleged damages were the result of intervening or superseding events, acts or omissions of other parties, or industry or market conditions over which Petrobras had no control and for which it cannot be held liable to Plaintiffs.

TWENTY-FOURTH DEFENSE

Plaintiffs' claims are barred by the applicable statute of limitations, statute of repose, or other applicable limitations period.

TWENTY-FIFTH DEFENSE

Certain statements challenged by the Complaint were matters of opinion that, at the time those statements were made, were genuinely believed by the speaker.

TWENTY-SIXTH DEFENSE

Petrobras hereby adopts and incorporates by reference any and all other defenses asserted or to be asserted by any other defendant to the extent Petrobras may share in such defenses.

TWENTY-SEVENTH DEFENSE

Petrobras reserves the right to assert and pursue additional defenses, including any that may become known through discovery or otherwise.

ADDITIONAL DEFENSES RESERVED

Petrobras hereby gives notice that they may rely on other defenses if and when such defenses become known during the course of the litigation, and hereby reserves the right to amend its answer and to assert any additional defenses, cross-claims, counterclaims, and third party claims as they become known or available.

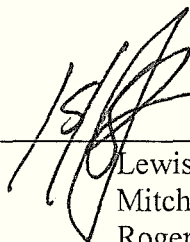
WHEREFORE, Petrobras prays for relief and judgment:

- A. Denying Plaintiffs the relief sought in the Complaint;
- B. Dismissing the Complaint with prejudice;
- C. Ordering that Plaintiffs take nothing and that judgment be entered against Plaintiffs;
- D. Awarding Petrobras costs and expenses, including counsel and expert fees; and
- E. Granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York
December 11, 2015

CLEARY GOTTlieb STEEN & HAMILTON LLP

By: _____



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